

**Brazil's Presidential Election 2010:  
Foreign Policy Outlook**

**João Augusto de Castro Neves**  
CAC Political Consultancy  
castroneves@analisepolitica.com

**Brazil Institute  
Woodrow Wilson Center  
for International Scholars**

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**Foreign Policy and Public Opinion: does it matter?**

Traditionally, not much. But according to IBOPE Poll (March 2010), most remembered news were related to foreign policy:

- 12% - Lula's trip to Haiti
- 12% - Lula's trips abroad
- 7% - Lula's trip to Cuba
- 6% - Hillary Clinton's visit to Brasilia
- 5% - Lula's comments on the Iranian nuclear program
- 4% - Dilma Rousseff's confirmation as PT's presidential candidate

Also, more coverage by the domestic and international press:

- 03.19 (El Colombiano): *Brazil, country of the future (Michael Shifter)*. First Brazilian president to go to the Middle East. Creation of South American Defense Council; UNASUR. "In this complicated, multi-polar world, an ascendant Brazil will want to avoid the imperial impulses that, as the US can testify, can often create problems for a hemispheric power".
- 03.20 (The Times): *I am infected by the peace virus, says President Lula as he seeks UN job*. Ban Ki Moon's first term expires at the end of 2011. Interest in the process of South American integration, Africa. World Bank? Plus: ability to be friends with all sides; maverick peace mission to the Middle East; relations with dictators (Iran, Cuba, Sudan, North Korea). Hillary Clinton, the US Secretary of State, is said to have found his world peace ambitions almost laughably naive.
- 03.29 (WSJ): The Journal Report: *For Brazil, it's finally tomorrow*.

### **What are the reasons behind this new found interest in Brazilian foreign policy?**

- On the one hand, **recent controversial issues** such as Brazil's relations with Iran, Middle East, and Cuba; Brazil's increasing role in multilateral groups (WTO - retaliation against the U.S. on cotton subsidies helped -, the financial G-20, UNSC);
- On the other hand, several **structural changes** matter: Historically, the Ministry of External Relations, the Itamaraty, has controlled and defined Brazil's foreign policy agenda - a situation that, some have said, has been maintained relatively stable since the new democratic period (1985 onwards). WHY? **Two main reasons**: 1) Foreign policy issues and international relations has almost no political/electoral visibility in Brazilian politics; 2) Few experts on foreign policy/IR outside Itamaraty. This situation has changed significantly in the past few years, due to:
  - 1) the strengthening of Brazilian democracy > increasing public debate on policy planning (mostly on social policies) > more accountability;
  - 2) economic liberalization since the 1990s (GATT Uruguay round, Mercosur, privatizations) > rising distributive conflicts as an effect of foreign and trade policies (Bolivia, China);
  - 3) President Lula's more assertive/confident foreign policy rhetoric (in his first term, 2003-2006, the broadening of Brazil's international agenda was not accompanied by an increase in FP/Defense budget; the situation has changed slightly since 2008).

As a result, there has been an increase of foreign policy's impact on domestic politics. The new president will have to deal with several **new domestic drivers** of Brazilian foreign policy:

**Congress' role:** initially discreet on Mercosur; more noticeable on FTAA - referendum proposal, TPA model; and even more aggressive on issues such as trade with China, Bolivian gas, Venezuela's entrance in Mercosur - much of this has to do with the more general government-opposition battle and with **pressure groups** (FIESP etc.) increasing influence on congressional activities;

**Political parties:** PT's left wing and South-South foreign policy faced with criticism from PSDB/DEM - these parties, however, lack a clear FP message (free-trade? Brazil-US? Mercosur/Argentina?);

**Executive agencies:** more agencies involved in the decision-making process (bureaucratic politics models).

### **How has President Lula dealt with these domestic drivers?**

- His **charisma, leadership** and **popularity** has shielded his FP options from domestic and international criticism; Lula has no problem talking to Obama one day, and embracing Ahmadinejad the next day.
- Lula uses some of his FP actions to satisfy his **political party** (PT). Marco Aurélio Garcia and Samuel Pinheiro Guimarães roles; Celso Amorim's affiliation to PT; the South-South rhetoric; a mild anti-american stance; and ideas such as the creation of a foreign policy council.
- To consolidate his broad and diverse **governing coalition**, Lula has forged the largest cabinet ever:

*Cabinet size:*

Sarney (1985-1990) - 32

Collor (1990-1992) - 29

Itamar (1992-1995) - 29

FHC (1995-2003) - 33

**Lula (2003-2011) - 39**

As a result, on foreign policy issues (as on other policies, as a matter of fact), President Lula's administration has worked like a **divisive cabinet**. An excess of opinions, from economic and trade policies to defense matters. Itamaraty's "monopoly" on foreign policy has been increasingly disputed (**important note: Lula's charisma and labor union experience help him deal with that kind of diversity!**).

### **How will Dilma Rousseff or José Serra deal with these domestic drivers?**

- **One certainty:** either one will start off their administration with much lower popularity levels and less charisma than Lula's, and that might have an impact on Brazil's foreign policy through several ways:
- **Dilma** will certainly try to follow Lula's footsteps on general FP goals, and she is likely to have a broad (broader?) political coalition to deal with. That means that, with less charisma and leadership, she will probably maintain a large cabinet to satisfy the allies. A

multitude of voices on FP, however, could bring turbulence to Dilma's administration decision-making process (she seems to lack Lula's experience in dealing with different opinions). She may also be more prone to criticism, inside and outside Brazil. Finally, she might experience more pressure from her own party, as Lula did, but was able to fend off (the creation of a FP council, by PT). **These are all ingredients for a riskier and possibly frustrated foreign policy.** It will be hard to maintain Lula's international legacy, and Dilma may benefit from a possible future international role for Lula (World Bank, UN?).

- **Serra:** likely to have a smaller cabinet (smaller coalition) and less divergent voices on many issues, including foreign policy. He will be forced from the beginning to send a clear message on issues such as trade and relations with countries like Iran, Cuba, Venezuela, and other authoritarian regimes (so far, his party, PSDB, hasn't done much but criticize). A few names apparently identified with Serra's campaign team suggests a FP closer to that of the Cardoso's government (more mainstream). But that is also unlikely to happen: Brazil's regional and global importance rose significantly, mainly due to its economic performance. Brazil's role in regional institutions, the WTO, G-20, BRICs and so on cannot be simply undone. **No retreat is possible without considerable costs. Serra's challenge will be to find a more sober and less ideological FP rhetoric without seeming to be less ambitious.**

#### **On specific issues:**

**Regional integration.** The main question is about the future of Mercosur as a customs union. There have been talks on Serra's camp on a possible "step back", turning Mercosur into a free trade area and freeing its members to seek bilateral trade agreements with other countries. Since there is **no clear free trade agenda** on either candidates' platforms, it's unlikely that fundamental changes in Mercosur will happen. With Dilma, more of the same; with Serra, more pressure on Argentina to try to solve trade disputes (unclear about admission of new member states - PSDB in the Senate was open to favorable pressure on behalf of Venezuela's admission). On the political front, Serra is expected to adopt a more neutral stance between the left-right divide (less vocal than Lula), and a more business-oriented approach (again, maintain the core of Lula's agenda without the ideological rhetoric). **Both candidates will likely favor state enterprises (BNDES, Petrobras, Eletrobras) as tools of Brazilian FP towards the region.**

**Trade.** Despite of PSDB's criticism of Lula's foreign trade policy (emphasis on South-South cooperation), the party lacks a clear alternative message on trade negotiations. Bilateral negotiations with the U.S. and the E.U.? Doha Round? Deals with other emerging countries (China, India, South Africa)? **PSDB is not a pro-free trade party.** One matter that will have to be addressed is the **increasing competition with China** in other markets, mainly in the U.S. and in Latin America. **Brazil has large trade surpluses with every South American neighbor**, a situation that may change in the near future if Brazil wants to deepen regional integration and gain more access to markets and increase Brazilian FDI. Finally, on Serra's camp there is also talk of a possible **Brazilian USTR** (CAMEX with teeth), to try to distance trade and politics/ideology (the Ministry of Foreign Relations will resist). CAMEX role on the recent retaliation against the US at the WTO may increase its importance for the next administration (Serra or Dilma).

**Coalition with emerging powers.** A safer bet. Groupings such as BRICs, BASIC, and IBSA will likely remain in Brazil's FP agenda, whoever wins the election. Through these new coalitions that Brazil will address major global issues like reform of multilateral institutions (UNSC, IMF, World Bank, G-20 etc.), climate change, among others. There **limitations**, however: no clear common denominator on many issues will keep alive the search for a tentative agenda.

**Brazil-U.S. relations.** a history of permanent frustration and unmet expectations. What does Brazil want? A trade agreement? No, just lower tariffs and subsidies; Arms purchase? Not really; Of the major emerging powers (India, China, Russia, Japan, Germany), **Brazil is the only that has no major treaty (defense/security/trade) or special bilateral relationship with the U.S.** (India and the nuclear treaty; China and the G2 talks - finance, climate change; Russia and the defense/security dialogue - Nato expansion, missile defense, disarmament; Japan and Germany as traditional allies). Biofuels and energy cooperation could become the core issues of a bilateral agenda. But, for the moment, Brazil wants the US' recognition of Brazil's role as a major partner not only on regional issues (US Fourth Fleet, Colombian bases, Honduras, Haiti), but on global affairs as well (UNSC, Middle East negotiations, North Korea, Climate Change, trade, financial G-20).

#### **Other issues that may come up:**

**Brazil's role in Haiti** (Minustah). Brazilian long-term commitment to the country and the risk of human losses (not common to Brazilian military). Possible increase of public concern with risks and the money being spent.

**Climate change negotiations.** It is not certain if Brazil will accept a binding agreement for developing countries, when it comes to be. The traditional stance is that Brazil is "doing its homework" domestically to combat climate change: development of biofuels, combat deforestation, cooperation with rich countries to invest in clean technology and in the establishment of a carbon market.

**Brazil and the NPT.** Brazil will insist on the disarmament front. "Why should we do more if the nuclear powers don't do the minimum, that is, to disarm?". No to the Additional Protocol (another issue that contrasted the view of the Foreign Ministry and the Defense Ministry).

- Iran: the future of the Brazil-Iran relationship depends essentially on the evolution of UNSC negotiation on Iran's nuclear program. Brazil will try to keep the dialogue line open until the very last minute, even if it does not have the leverage to alter the outcome. Brazil will try to play a win-win situation in the case of a fourth round of sanctions: Lula's visit to Teheran in May may be seen as the "last effort" of a Western leader to try to convince Ahmadinejad.

**Conclusion:** The end of the consensus on Brazilian foreign policy. FP is increasingly part of the political-electoral battle. More open to debate and influence from different parties and interest groups.